

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
Priority Mail & Parcel Select Contract 4
(MC2020-228)
Negotiated Service Agreements

Docket No. CP2020-258

ORDER APPROVING AMENDMENT THREE TO
PRIORITY MAIL & PARCEL SELECT NEGOTIATED SERVICE AGREEMENT

(Issued May 25, 2022)

I. INTRODUCTION

The Postal Service seeks to amend a Priority Mail & Parcel Select negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Amendment.

¹ USPS Notice of Amendment to Priority Mail & Parcel Select Service Contract 4, Filed Under Seal, May 24, 2022 (Notice). The amendment is an attachment to the Notice (Amendment).

II. BACKGROUND

In Order No. 5670, the Commission approved the Priority Mail & Parcel Select Contract 4 negotiated service agreement (Existing Agreement).² On May 24, 2022, the Postal Service filed notice that it has agreed to the Amendment to the Existing Agreement.

The Postal Service intends for the Amendment to become effective one business day after the date that the Commission completes its review of the Notice. Notice at 1.

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Amendment revises terms relating to nonstandard length fees for Customer's Parcel Select and Priority Mail packages. Notice, Attachment A at 1.

The Amendment does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as

² See Docket Nos. MC2020-228 and CP2020-258, Order Adding Priority Mail and Parcel Select Contract 4 to the Competitive Product List, September 3, 2020 (Order No. 5670). The contract was later amended. See Order Approving Amendment One to Priority Mail & Parcel Select Negotiated Service Agreement, November 18, 2021 (Order No. 6042); Order Approving Amendment Two to Priority Mail & Parcel Select Negotiated Service Agreement, April 5, 2022 (Order No. 6140).

amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3035.107.

Other considerations. The Postal Service states that the Amendment shall become effective one business day after the date that the Commission completes its review. Notice at 1.

If the Existing Agreement, as amended, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as amended.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Priority Mail & Parcel Select Contract 4 negotiated service agreement, as amended.
2. The Postal Service shall notify the Commission if the Existing Agreement, as amended, terminates prior to the scheduled expiration date.

By the Commission.

Erica A. Barker
Secretary